

SUBSTITUTE MOTION BY SUPERVISOR DON KNABE

October 27, 2015

There is no question that there is a housing crisis across the County. Hard-working individuals and families are being priced out of the rental market and being pushed into shared housing or other kinds of unsustainable arrangements. There is also a belief – which I share - that the unaffordability of housing is exacerbating the homeless crisis. We must build more housing that is affordable to the majority of the people residing in this County. The real question is how to make more resources available for this worthy purpose.

The 2011-12 State Budget Act included a measure called the Redevelopment Dissolution Act that prohibited redevelopment agencies (RDAs) from engaging in new business and ordered their dissolution. As a result, the property tax revenues once encumbered by RDAs are now being used to pay down any remaining enforceable legal obligations, pass-through payments and eligible administrative costs. This process is expected to continue for some time. Any remaining property tax revenues, otherwise known as “residual taxes,” are sent back to the appropriate local government “taxing entities,” which includes counties, cities and special districts. Our County’s 2015-16 Final Adopted Budget includes \$140.0 million in residual taxes, which is used to finance the net County cost (NCC) portion of the County budget, and this is estimated to grow over the next five years to approximately \$241 million, as redevelopment agencies continue to wind down.

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MOTION

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RIDLEY-THOMAS	_____
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ANTONOVICH	_____

Affordable housing was a key aspect to redevelopment. Prior to dissolution, local redevelopment agencies were required to set aside twenty-percent (20%) of their revenues, to be used for affordable housing in their redevelopment area. We should continue to maintain a sustainable resource for affordable housing and I believe that applying this same formula would be appropriate, but only at such time as when County revenues are increased by the residual taxes. In the meantime, starting in FY 2016-17, we should commit any additional County funds up to 20% of our excess fund balance towards affordable housing in each fiscal year through FY 2020-21. This could yield a projected \$28 million each year, depending on tax revenue and other factors. Then, in FY 2021-22, 20% of the residual taxes would replace the excess fund balance approach, thus creating a sustainable approach to affordable housing into the future. Through this formulaic approach, we could grow into a viable, sustainable fund for affordable housing by FY 2021-2022.

**I, THEREFORE, MOVE** that the Board direct the Chief Executive Officer to revise section 4.030 of the Board of Supervisors' Budget Policies and Priorities to reflect that 20% of excess fund balance in the General Fund, less Board-approved carryovers and the ten percent (10%) set aside for the Rainy Day Fund and/or the Other Post Employment Benefits (OPEB) trust fund, be allocated for the purpose of creating more affordable housing across Los Angeles County, commencing in Fiscal Year 2016-2017 through Fiscal Year 2020-2021.

**I, FURTHER, MOVE** that the Chief Executive Officer report back during the 2016-17 Supplemental Budget on a long-term plan that allocates 20% of all residual property taxes, less the base amount of \$140 million that was budgeted in FY 2015-16, to an affordable housing program starting in Fiscal Year 2021-2022.

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